



**Director of
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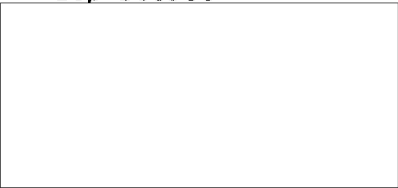
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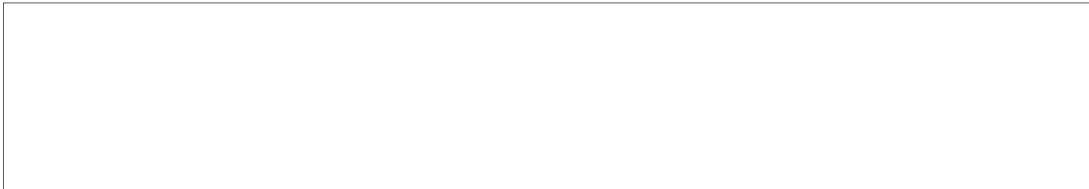
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POLAND: End of Union Congress

Solidarity's increased militancy, which came into clearer focus during the congress, will force the regime to be equally uncompromising during the coming weeks.

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In its final day of deliberations, Solidarity yesterday approved a seven-point resolution that included the demand for free parliamentary elections. The resolution called for Solidarity to draft a new electoral law that would allow secret ballots and candidates not affiliated with the official government list. Solidarity leader Walesa also won support for his demand for a stronger central leadership for the union.

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Many delegates believe, however, that there will have to be another major dispute with the regime before any further progress is possible. They believe the regime cannot be trusted to negotiate in good faith and will not live up to commitments made during negotiations.

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The regime's options are limited. It cannot appear lenient toward Solidarity's increasingly political behavior or it will risk total alienation from Moscow. It also cannot prevent the second part of the congress without precipitating a domestic explosion.

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As Solidarity prepares for the second part of its congress in two weeks, it will resume negotiations with the regime on demands for greater access to the media and for more worker self-management. Little progress is likely, however, and tensions generally will be high. The possibility of a strike by radio and television workers remains, but Walesa probably will argue against any major protest action before the union has completed its elections and set out its program.

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Soviet Reaction

Moscow's angry rejection of Solidarity's "appeal to the peoples of Eastern Europe" vaguely warned of a

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mounting wave of indignation but gave no signal that action on the part of the USSR is imminent. Calling Solidarity's statement "interference in the affairs of other peoples," TASS repeated earlier charges that the Polish union is intent on vanquishing the party, restoring capitalism, and altering Warsaw's foreign policy. [REDACTED]

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Moscow's criticism probably will continue, but its authoritative public assessment of the latest events may not come for several days. The Soviet Ambassador in Warsaw probably used his meeting yesterday with party chief Kania to state formally Moscow's displeasure. [REDACTED]

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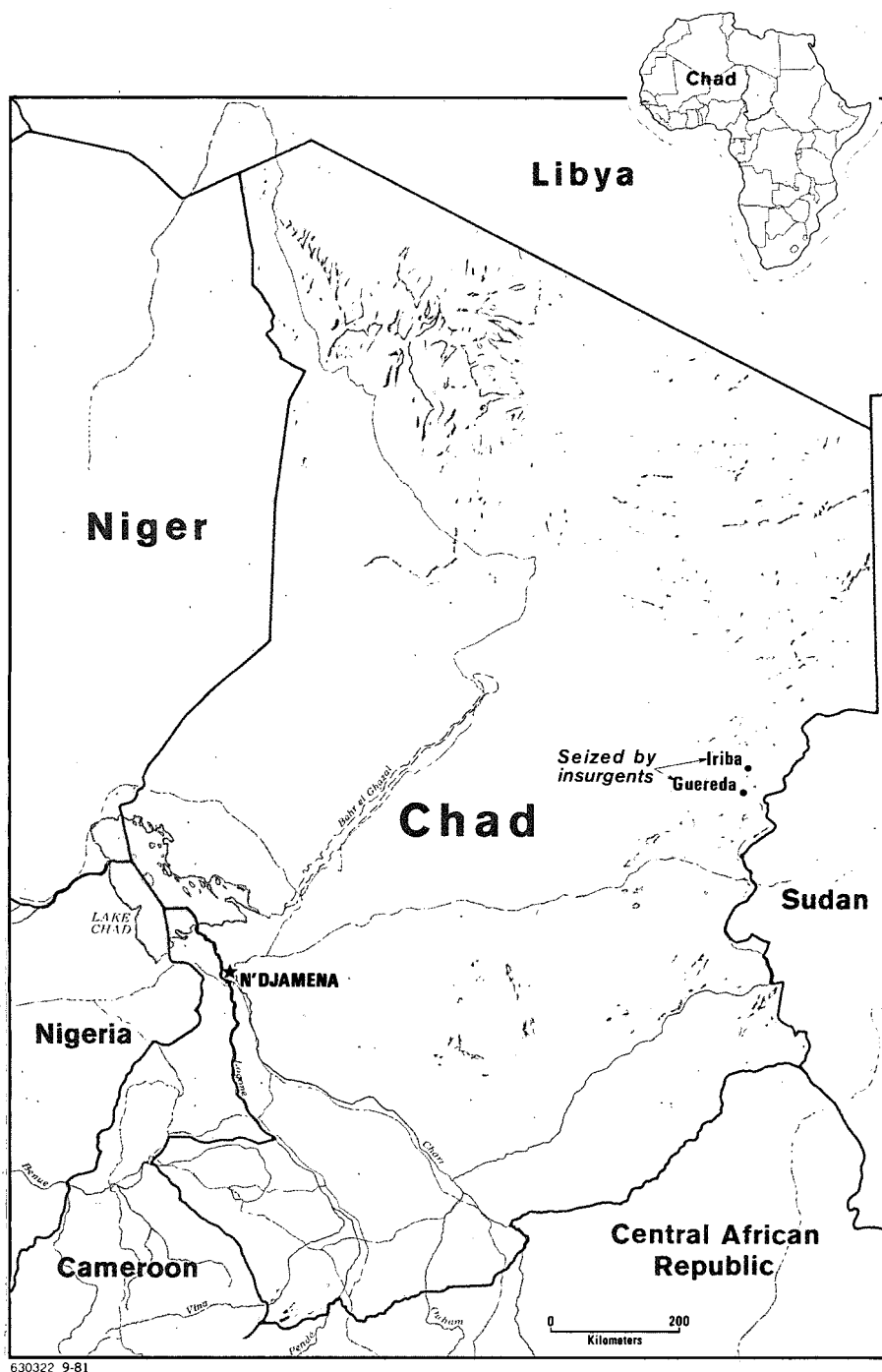
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CHAD: Insurgents Take Towns

Forces of insurgent leader Habre have seized Guereda and Iriba in eastern Chad in what may be the opening salvo of his long-awaited anti-Libyan campaign. [REDACTED]

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The capture of the towns, however shortlived, represents Habre's most significant military success since the Libyans ousted his forces from N'Djamena last December. Until recently he had been accumulating arms and supplies from foreign benefactors--mainly moderate Arab countries--in preparation for launching insurgent operations. [REDACTED]

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Habre's guerrillas eventually should be able to put pressure on the Libyans and on President Goukouni's feeble coalition government, but they will not be able by themselves to compel Tripoli's larger and better armed forces to leave the country. At present Habre's guerrillas represent Chad's only viable anti-Libyan opposition. Further insurgent gains, however, could embolden many Chadians disgruntled over the continued presence of some 6,000 Libyan troops to look for ways to oppose them. [REDACTED]

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Sustained guerrilla activity in eastern Chad could undercut efforts by France--which halted its aid to Habre after President Mitterrand was elected--to encourage Libyan troop withdrawals. Tripoli no doubt would point to Habre and the threat he poses to the Goukouni regime as a pretext for keeping troops in Chad indefinitely. [REDACTED]

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AFGHANISTAN: Army Problems

The callup of reservists who completed military service before October 1978, announced by the Afghan Government on Monday, will do little to remedy the Army's serious manpower shortage. Young men are responding by fleeing Kabul, one of the few places where the government still has enough control to enforce the new order. The few reservists who may be forced into the Army are likely to be mutinous, and many probably will desert.

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The Army's ineffectiveness is reflected in a recent Defense Ministry report indicating that the government now controls only 25 percent of the country's 291 administrative districts, down from 32 percent in June. The report says that the government controls parts of another 18 percent of the districts. Four provinces are acknowledged to be completely controlled by the insurgents; in previous reports the government claimed to control at least part of every province.

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CYPRUS: Greek Counterproposals

The Greek Cypriot proposals submitted to the Turkish Cypriots on Wednesday represent another small step forward in the UN-sponsored talks, but the two sides remain far apart. In response to the Turkish plan presented last month, the Greeks have offered some concessions on constitutional issues that would give the Turkish Cypriot minority strong representation in the island's future legislature and executive. The Greek side avoided a direct reaction to Turkish territorial proposals, commenting only that this matter is negotiable as long as a large number of the approximately 160,000 Greek refugees now in the south are allowed to return to their former homes and are put under Greek jurisdiction. The UN representative at the talks has apparently decided that he must play a more active role in the negotiations in order to bridge the differences, and he may unveil his own set of proposals in October.

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CHINA: Trade Minister Replaced

The replacement of Foreign Trade Minister Li Qiang, announced yesterday, reflects Beijing's emphasis on installing professional rather than political figures in key economic policy posts. Li has actively opposed efforts to decentralize control over foreign trade; Zheng Tuobin, his successor, has served in various trade positions since 1953. Beijing followed a similar pattern in its selection of new ministers for light industry, railways, and aircraft production.

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CHINA: Nuclear Submarine Construction

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China's first two Han-class nuclear attack submarines are fully operational, but its third nuclear-powered unit, a Xia-class ballistic-missile submarine, is still being fitted out.

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SPECIAL ANALYSIS

FRANCE: Socialist Proposals To Be Tested

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President Mitterrand remains determined to enact his ambitious domestic program rapidly, despite mounting economic difficulties. The Socialist-controlled National Assembly, which convened on Tuesday, probably will approve Mitterrand's proposals, but the "state of grace" enjoyed by his young administration is unlikely to last much longer.

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The President and Prime Minister Mauroy have received good marks for overall performance in the polls, although they have lost some ground in the last two months. According to one survey, 47 percent of eligible voters approve of Socialist economic policies, and 35 percent disapprove. Unemployment and inflation, however, have continued to rise, and Socialist efforts to avoid responsibility--for example, by blaming former President Giscard's policies and high US interest rates--probably will be less successful in coming months.

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Mitterrand apparently believes that it will be difficult, if not impossible, to improve the economic situation significantly within the next six to 18 months. Leading French economists, in fact, predict unemployment will rise from 1.8 million now to 2 million by the end of the year. Mitterrand's strategy, therefore, is to use his present popularity to achieve Socialist reforms before the economic and, as a result, political situation gets worse and makes reform impossible.

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The Socialist Agenda

The National Assembly will take action this month on government proposals to abolish the death penalty, legalize private radio stations, improve the status of immigrant workers, and loosen Paris' stranglehold on governmental powers by increasing the powers of regional councils. Mitterrand's first presidential news conference, on 24 September, will be the centerpiece of a government campaign to mobilize public support.

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The first real challenge for Mitterrand's program, however, is expected in early October, when the National Assembly begins debate on his proposals to nationalize most of the remaining privately owned banks and nine major industrial concerns. Most business leaders and the center-right political parties will oppose the program.

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Some Socialist moderates may privately criticize Mitterrand, claiming that the nationalizations will destroy the competitive advantages of the private companies and damage the economy. Mitterrand also may encounter sniping from leftwing Socialists and his recalcitrant Communist partners, who are concerned that he is too cautious.

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The nationalization program probably will emerge virtually intact from the Socialist-controlled Assembly, but the debate will almost certainly cost the government some of its popularity and perhaps further weaken confidence--both domestic and international--in future French economic performance.

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Other Domestic Concerns

Controversies also will develop as Mitterrand tries to transform Socialist rhetoric into coherent policy. Tax reform proposals, for example, may result in significant increases in taxes for middle- and high-income groups. At the same time, the National Assembly debate on nuclear energy policy promised for October appears likely to result in a nuclear program nearly as ambitious as Giscard's--to the disappointment of the increasingly militant antinuclear movement.

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Meanwhile, Mitterrand may be faced with growing restlessness in the pro-Socialist and Communist-controlled labor unions. Both have issued veiled warnings that they might resort to demonstrations and strikes if their demands are not met regarding wage hikes, reduced working hours, large-scale job creation programs, and increased union participation in management decisionmaking.

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Mitterrand, moreover, reportedly is unhappy about the lack of discipline within the government, and he fears that the contradictory policies of some ministers will demoralize France if left unchecked. [REDACTED]

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Parties in Search of a Role

The major political parties will review strategy and assess their leadership for the first time since the Socialist electoral victories. Each one faces distinct problems:

- The victorious Socialists must rebuild their depleted leadership ranks and establish a role supportive of, and yet independent from, the government.
- The Communists are still wrestling with the consequences of their poor electoral showing and are trying to maintain the party's distinctive identity while participating in the government.
- The Gaullists, now in the opposition for the first time in 23 years, will try to rebuild their party as a broad-based movement and to soothe lingering resentment among some Gaullist personalities at Chirac's "spoiler" role in the presidential election.
- Supporters of Giscard, who remains the most popular figure on the center-right, must decide whether to construct a tightly knit party or continue as a collection of factions, taking the risk that some might strike deals with the Socialists. [REDACTED]

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Mitterrand probably will succeed in keeping the center-right opposition and his Communist allies off balance until early next year. Barring an unlikely revolt among disparate elements of the Socialist Party, major parts of his program for a socialist France probably will be in place before then. [REDACTED]

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